

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 3409 – SB 3729

February 8, 2012

SUMMARY OF BILL: Defines “landslide” for insurance purposes. Requires offerors of homeowner property insurance to make available coverage for insurable landslide losses. Requires insurers authorized to transact property insurance to file with the Department of Commerce and Insurance for the purpose of extending the appropriate insurance policy to include coverage for landslide losses. Authorizes an insurer to charge an additional fee for such coverage. Prohibits insurers from failing to renew a property insurance policy based upon the filing of a claim for landslide damages so long as the total payments do not exceed the policy limits for property damage coverage.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$4,000/FY12-13

Assumptions:

- The Department of Commerce and Insurance (TDCI) estimates the receipt of an additional 400 rate filings, which can be handled by utilizing existing resources.
- TDCI anticipates some of the rate filings will require review by outside actuarial and geological consultants to provide the appropriate support for and range of reasonable premiums for the landslide coverage.
- According to TDCI, the cost for consultants is approximately \$200 per hour, and consultants will be needed for 20 hours.
- The one-time increase in state expenditures is approximately \$4,000 (\$200 per hour x 20 hours) in FY12-13.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

/SBH